On-the-Record Conference Call on Iran Sanctions

Via Telephone

2:34 P.M. EDT

MS. MEEHAN: Hi, everyone, this is Bernadette over at the National Security Council. Thanks for joining us today for this on-the-record call regarding the President’s announcement earlier today regarding additional sanctions related to Iran. Today we have three senior administration officials joining us. We'll do a brief introduction from each of the three, and then open it up to your questions.

We have Ben Rhodes, Deputy National Security Advisor for Strategic Communications; David Cohen, Under Secretary for Terrorism and Financial Intelligence at the Department of Treasury; and Bob Einhorn, Special Advisor for Nonproliferation and Arms Control at the Department of State.

And with that, I will turn it over to Ben for an introduction.

MR. RHODES: Thanks, everybody, for joining the call. You should have a statement by the President as well as some additional releases and fact sheets that we put out. But we wanted to walk you through the two actions that the administration announced today in terms of tightening and ramping up our sanctions related to Iran.

First of all, just to step back here, from the beginning of the administration we have steadily built the most comprehensive and biting sanctions regime that the Iranian government has ever faced. We have taken the view that Iran has an opportunity, through diplomacy, to come in line with their international obligations with respect to their nuclear program. However, we’ve also made it clear that if Iran fails to meet its obligations, we will steadily ratchet up the pressure. And indeed, we have done so over the course of the last several years, such that we now have sanctions that are deeply impacting and biting upon the Iranian economy and the Iranian government’s ability to access revenue.

We’ve done so in a variety of ways. First of all, we’ve worked with Congress to develop additional tools as far as sanctions through the CISADA legislation and then the NDAA last year, which increased our ability to target, for instance, the Iranian Central Bank and the Iranian petroleum sector.
But importantly, we’ve also worked to build an international coalition as well, so that our own actions are amplified. So we were able to work through the U.N. Security Council to achieve Resolution 1929, which put in place the broadest and most comprehensive multilateral sanctions that Iran has ever faced. And then, working from that basis, we’ve worked with like-minded nations to continue to increase the pressure on the Iranians.

And since the passage of the NDAA, for instance, last year, we have worked to achieve an outcome in which every significant importer of Iranian oil has significantly reduced their imports of Iranian oil -- pointedly, the European Union, for instance, recently announced the completion of its embargo of Iranian oil. And my colleague, Bob, here will talk in some length about what effect that is having on Iran.

So we’ve been building out -- working with Congress, we’ve been building out the tools that we have in working with our international partners. We’ve been working to fully isolate and cut off Iran from the international financial system so that they feel a deeper isolation. And what we’ve also done, however, is continually update our tools, and the steps that we’re taking today certainly increase those efforts.

First of all, the President has approved a new executive order that imposes new sanctions against the Iranian energy and petrochemical sectors, and my colleagues will talk about that executive order in some detail. And secondly, we’ve taken the important step of holding responsible two institutions that have knowingly enabled financial transactions for designated Iranian banks -- the Bank of Kunlun in China, and the Elaf Islamic Bank in Iraq, which have been sanctioned today under CISADA. And David Cohen will be able to talk to you about the importance of those efforts.

I think, stepping back, this also comes at a time in which sanctions are having a significant impact on Iran and its economy. You, for instance, don’t have to take my word for that. President Ahmadinejad recently called these “the most severe and strictest sanctions ever imposed on a country.” And we see those effects across the board. We see it in the significant amount of Iranian oil that is coming off the market. We see that in the fact that Iran’s currency has plummeted in value. We estimate that the rial has lost almost 38 percent of its value in the last year, since we moved to ramp up our sanctions. We’ve seen firms from all over the world divest themselves from doing business in Iran because they recognize the cost that comes with doing business in Iran.

So all of this is in service of a purpose, which is sharpening the choice for the Iranian government. They continue to have the choice, through the P5-plus-1 negotiations, to come in line with their international obligations and to rejoin the community of nations. However, with today’s actions we are once again sending a strong message to the Iranian government that they are going to face increasingly severe consequences for failing to meet those international obligations.

And with that, let me turn it over to Bob Einhorn here, who can talk to you a little bit about the executive order. Then David Cohen can speak to the order as well as the CISADA designations.

Bob.

MR. EINHORN: Ben, thank you very much, and thanks to all of you for joining the call. I’d like to say a few things about our efforts to pressure Iran by reducing its revenues from oil and petrochemical sales, and about how our actions today build upon and intensify those administration efforts.

The combined impact of the administration’s aggressive implementation of the National Defense Authorization Act sanctions, and the European Union’s oil embargo and ban on insuring oil shipments, has already been dramatic.

As Ben mentioned, all countries that have been major purchasers of Iranian crude oil have decided to reduce
significantly their purchases. According to the International Energy Agency, Iran’s crude oil exports in 2011 were approximately 2.5 million barrels per day, and have dropped to below 1.5 million barrels per day in June of this year, which is a decline of about 40 to 50 percent. And that amounts to roughly $9 billion in lost revenues for Iran in every quarter.

And it’s important to recognize that the NDAA sanctions and EU oil embargo did not take full legal effect until a month ago. The sanctions are not yet impacting with full force. We would expect the effects to become even more severe in coming weeks and months. And the actions we’re taking today will strengthen those efforts.

We’re currently seeing attempts by Iran to circumvent current oil sanctions. The new executive order is aimed at closing loopholes and preventing circumvention. It not only focuses on a specific payment mechanism for the purchase of petroleum and petroleum products, it also sanctions the underlying purchase itself, no matter how it is structured. Rather than just targeting transactions with the Central Bank of Iran or other designated Iranian banks, this executive order sanctions purchases from any private or public Iranian individual or entity, including the National Iranian Oil Company, or NIOC, and the Naftiran Intertrade Company, or NICO, which is a trading arm of NIOC.

Rather than just sanction banks, this executive order would sanction the refiners and any other purchasers of Iranian petroleum and petroleum products. Rather than just target formal financial transactions, this EO sanctions acquisitions through any payment mechanism -- formal, informal, or barter. Consistent with the NDAA, these sanctions would not apply to financial institutions or persons in countries granted 180-day exceptions from making significant reductions in crude oil purchases from Iran.

Today's EO also substantially broadens existing sanctions on petrochemicals. Petrochemicals are Iran’s second-largest export after petroleum and petroleum products, and they account for more than $9 billion in foreign revenue per year. An earlier executive order sanctioned the provision of goods, services, and technology to Iran's domestic petrochemical industry, inhibiting further development of Iran’s petrochemical capacity.

Today’s EO sanctions any individual, company, or financial institution that knowingly engages in a significant transaction for the purchase or acquisition of petrochemical products from Iran. And these petrochemical sanctions are not subject to the exceptions provision of the NDAA.

So these and other provisions of the new executive order, as well as today’s actions under CISADA against two foreign financial institutions, will send a clear signal to Iran that the Obama administration is determined to continue increasing the pressure until Iran’s leaders make the decision to negotiate seriously and accept meaningful constraints on their nuclear program.

Let me turn it over to David.

UNDER SECRETARY COHEN: Thanks, Bob, and thanks, everybody, for joining. As Bob and Ben have explained, the administration is taking a number of measures today to further increase the pressure on the Iranian regime. And I’ll take a moment to explain the specific steps that Treasury has taken as part of this effort.

First, we impose sanctions today under CISADA, the Comprehensive Iran Sanctions and Divestment Act, which was enacted in July 2010 against two foreign financial institutions -- Bank of Kunlun in China and Elaf Islamic Bank in Iraq. These banks have provided a financial lifeline to Iranian banks that we have previously sanctioned for links to Iran’s nuclear and missile proliferation activities, or Iran support for international terrorism.

As financial institutions around the world have cut ties with designated Iranian banks to avoid the risk of involvement in Iran’s illicit activities, Bank of Kunlun and Elaf Islamic Bank have done just the opposite. They have continued to
process significant financial transactions for designated Iranian banks, facilitating the movement of millions of dollars’ worth of international transactions for these banks.

Today’s action exposes these banks’ continued business with designated Iranian banks, and effectively cuts them off from the U.S. financial system. It should also serve as clear warning to banks outside the United States of the risks of doing business with both of these banks, since they have knowingly provided their services to designated Iranian banks.

We expect that today’s action will have a significant chilling effect on the ability of Kunlun and Elaf to operate anywhere in the world, as banks around the world take note of the fact that these two banks have knowingly transacted with designated Iranian banks.

The message to banks worldwide should be clear: If you provide financial services to designated Iranian banks, if you process significant financial transactions for those banks, you will face U.S. sanctions no matter where you are located.

Since the President signed CISADA into law in July 2010, we have used CISADA aggressively to target the activity of designated Iranian banks. We have communicated with more than 120 foreign financial institutions and more than 60 governments to explain the risks of doing business with designated Iranian banks. This global campaign has resulted in designated Iranian banks near total isolation from the international financial system.

Today’s actions under CISADA are the first time we’ve had to impose CISADA sanctions against banks through business with designated Iranian banks in order to further cut those banks’ access to the international financial system.

In addition to the actions against Kunlun and Elaf, as Bob has explained, the President signed an executive order imposing new sanctions on Iran’s energy sector and preventing Iran from using workarounds to circumvent existing sanctions. With today’s executive order, the President is authorizing the Treasury Department to impose sanctions for significant transactions involving the purchase or acquisition of Iranian oil no matter how the payment for that oil may be made. Treasury is also authorized to impose sanctions against any financial institution that engages in any significant transaction with NIOC or NICO, whether oil-related or not.

NIOC and NICO and their related front companies, which Treasury has recently identified, have served as important payment channels for Iran to receive revenue for its oil; that, as of today, banks around the world will face sanctions if they facilitate transactions with these companies unless the financial transaction is for petroleum purchase, and the financial institution is in a country determined to be significantly reducing its crude oil purchases from Iran.

One other aspect of the executive order that I want to highlight is that it authorizes Treasury to take actions to prevent Iran from getting access to U.S. dollars and precious metals, such as gold. As the Iranian regime struggles to try to stem the dramatic decline of the rial, accessing a hard currency and other durable stores of value has become increasingly important. With today’s action, it will be increasingly difficult for the Iranian regime to get access to dollars and gold.

These new measures, along with the actions against Kunlun and Elaf today, demonstrate that we will continue to use every means at our disposal to eliminate financial safe havens for Iran and increase the financial pressure on the Iranian regime.

Thank you.
MR. RHODES: Great. Thanks. And we'd be happy to take your questions.

Q    Thanks so much, gentlemen, for doing the call. Thank you for your service. I have one quick question for Mr. Einhorn and Mr. Cohen, and then one quick question for Ben. First of all, for Mr. Einhorn and Mr. Cohen, what do you say to the criticism of your approach that this is a reactive, that this is like playing Whac-A-Mole in that the Iranians will always find some other scheme to get their business done, and this is not as official as a more comprehensive strategy that would seek -- that would prevent these transactions before they pop up and become problems?

And for Ben, I'd like to ask you -- does the administration, does the White House support the compromise Iran sanctions bill that was introduced in the House yesterday and it will come to the House floor tomorrow? Is that something that the President is ready to sign?

Thank you.

MR. EINHORN: Hey, Josh. I think the results demonstrate quite clearly that we have imposed broad-based, comprehensive, and highly effective sanctions against Iran. We are proceeding on a number of different tracks, including, importantly, pressuring Iran's ability to sell its oil as well as putting really quite extreme pressure on Iran's ability to get access to the revenue that it earns from its reduced oil sales.

The combined effect of those actions and a number of the other sanction steps we have taken have resulted in very significant economic impact in Iran that Ben sketched earlier in this call.

The actions that we've taken today with respect to Kunlun in China and Elaf in Iraq I think will further deepen the isolation of the designated Iranian banks, because not only have we now highlighted and exposed the activity of those two institutions, but I think it puts an exclamation point on the efforts that we have been undertaking over the last two years to dissuade any other foreign financial institution from doing business with designated Iranian banks. And we think it will only heighten the wariness of banks around the world from engaging in any transactions with those designated banks in Iran.

So I think it's not accurate to describe it as a game of Whac-A-Mole. This is a game -- this is an effort to really on a very comprehensive basis apply very significant pressure, and I think it's working quite well.

MR. RHODES: Yes, Josh, it's Ben. Just two things. First, to build on what David said, I think the proof of the success of the approach can be seen in the data. That you have up to a billion -- up to a million barrels of oil a day that are off the market from last year speaks to the success of the sanctions regime and our diplomacy around it.

The fact that you have a currency that is plummeting in value and Iranian leaders acknowledging that these are the toughest sanctions any country has ever faced I think speaks to the fact that it goes far beyond a Whac-A-Mole approach.

What we have made clear is that we are not going to tolerate or permit a workaround, and that we're going to slam the door whenever we see them. And frankly, that has the effect not only of addressing the specific workaround, it has a chilling effect in the sense that you see businesses pulling out of Iran because they don't want to take on the cost of doing business with a targeted entity. And one or two years ago, I don't think people would have anticipated that we would be able to get at the banking sector, the petroleum sector, the petrochemical sector in the way that we have.

That's a testament, by the way, not just of the sanctions regime, but to the diplomacy accompanying it. This would
not be nearly as effective if there wasn’t an international coalition and a multilateral effort. Unilateral U.S. actions alone can have an impact, but the ability to go around the world and to see Iranian -- importers of Iranian oil significantly reducing their purchases is what allows us to really see sanctions bite.

So the EU announcing a full embargo of Iranian oil, for instance, is a dramatic effect that is a testament to both our sanctions regime and also our diplomacy and the coalition we’ve built to deal with Iran, which, frankly, was not in place three and a half years ago.

On your question, we have worked closely with Congress to build this sanctions regime. We’re using authorities and tools that Congress worked with us to develop with the CISADA designations today. We obviously have been working with the NDAA legislation to get at the Central Bank of Iran and the petroleum sector. So Congress has been an important partner in all these efforts.

With respect to the current legislation, we’ve been working with Congress as they’ve developed that legislation. We certainly share the goal, and we believe it can be an important tool in adding to the sanctions regime we have in place. We are reviewing the specific text of the bill that was produced, but we’re quite optimistic that we’re going to be able to continue to work in lockstep with Congress with this new legislation that’s working its way through Congress as we increase pressure.

So the EO today is indicative of the President’s commitment to use his authorities, and we are very confident that, as we have in the past, we will work with Congress to develop additional tools to make sure that our sanctions are as robust as they possibly can be.

Q    Yes, thanks for taking my call. So just following up on Josh’s question right now, this announcement today, these two announcements, are not an effort by the administration to derail the congressional push?

MR. RHODES:  Thanks for your question. No, absolutely not. In fact, these both grow out of extensive lines of effort that we’ve pursued over many months. These two banks, for instance, are institutions we’ve had our eye on for some time now. And, again, the fact that we’re taking this action under CISADA speaks to the partnership we’ve had with Congress in the way in which we use the tools that we developed in partnership with Congress. Similar to the EO, it gets at our ability to make sure that we have as tight and successful a sanctions regime as possible.

The congressional efforts can be complementary to what we’re doing. And we’ve had a good dialogue with Congress as they’ve worked through the various pieces of legislation that have addressed Iran sanctions. And we’re now reviewing the bill they’ve produced, and we’re confident and optimistic that we’re going to have an outcome that allows us to benefit from this EO and also from the congressional action that is still under consideration.

Q    Gotcha, thanks.

Q    Hi, thanks so much for doing the call. I wanted to ask Ben, if you would respond to Prime Minister Netanyahu’s comments this week, where he said that all the sanctions and diplomacy have not set back the Iranian program “by one iota” -- which is different than saying that the sanctions -- whether the sanctions regime is good or bad. But what he is saying is that it has not had any impact on the desired purpose, which is to slow down the Iranian program.

MR. RHODES:  Thanks, Andrea, for the question. I’d just say a couple of things. First of all, the purpose of the sanctions is to affect the Iranian calculus. And it is certainly the case that Iran has not yet decided to come in line with their international obligations, which is why we’re continuing to build out the sanctions. So we continue to be
dissatisfied, as Prime Minister Netanyahu is, with Iran’s continued failure to live up to its international obligations.

What we do see is the sanctions having a significant impact on the Iranian economy and the Iranian government’s ability to access revenue. Now, that has consequences ultimately for what they can spend money on, what technology they can procure for their program, as well as our WMD-related sanctions, which have access -- have an effect on what they can procure for their program.

But in addition to that, we do see the sanctions having an effect I think in terms of sharpening the choice for the Iranian government. So, for instance, it was after we moved forward with sanctions on the Central Bank and the announcement of an EU oil embargo that we saw the Iranian government come back in to negotiations with the P5-plus-1. We have seen Iranian leaders acknowledge the significant impacts of the sanctions, which, frankly, are a direct consequence of their own decisions. Their decisions to continue to be outside of their obligations is the reason why they find themselves in such dire straits.

Also, we see, interestingly, divisions in the Iranian leadership. And this is a point you’ve heard us make. But, frankly, several years ago, it was the international community that was divided that had to deal with Iran, whereas the Iranian leadership was very united. What we see today is not just a unified international community, but you see sharp divisions within the Iranian political system, far more so than we have seen in many years. And I think that is a testament to the pressure that they’re under.

So, again, we agree that the Iranian leadership needs to make a different choice as it relates to their nuclear program, and come in line with their obligations. But what we think we’ve accomplished is a steady ratcheting up the pressure that is increasing the cost for the Iranians in failing to make the right decisions. And until they do shift course, we will continue to look for ways to increase the impact.

I'll also add to something Bob said, which is that these sanctions are really beginning to sink in, in a different order of magnitude with the EU oil embargo coming in line, with the NDAA sanctions fully coming in line just this month. So it's only going to get worse for the Iranian government. And we believe that as that pressure sinks in, that we do have time and space to pursue a diplomatic resolution, but only if they do make a different choice and come in line with their obligations.

Q But at the same time, why continue giving our allies such substantial waivers? Couldn't you tighten the screws more by cracking down and not being as generous with your waivers, and by taking more action against some of the Central European authorities -- banking authorities -- that do control payments? Because the Iranians seem very clever, you'd have to acknowledge, in creating new institutions as quickly as you shut them down.

MR. RHODES: I'll just make a quick comment on that. I'm sure these guys will want to jump in. But I don't think we have been easy at all. I think what we've seen is every purchaser of Iranian oil significantly reducing those purchases; the Europeans, in that instance, completely putting in place an embargo.

So the reason that we provided exceptions under the NDAA to those countries is only because of the steps they've taken that have caused up to a million barrels a day of Iranian oil to come off the market. Secondly, I think with the action today against, for instance, Kunlun Bank, we're showing that no financial institution anywhere is off limits just on the basis of geography. We are going to target institutions wherever we see noncompliance.

But I don't know if you guys have anything to add to that.

MR. EINHORN: Just to add to that -- I mean, the exceptions granted to these major purchases of Iranian crude oil are not waivers of sanctions. They are a reflection of the decisions by these governments to make substantial cuts,
significant reductions in terms of the law, in their purchases of Iranian crude. And that's why you get the 1 million drop -- the drop in 1 million barrels per day in Iranian crude oil exports. These exceptions are a reflection of how well the sanctions law is actually operating.

UNDER SECRETARY COHEN: And, Andrea, I'll just make one final point on this, and that's that the exceptions apply only narrowly to the purchase of Iranian oil. And I think as our actions today demonstrate, the rest of our sanctions program, including the CISADA law, remains fully in effect. And so any financial institution anywhere, whether it's in a jurisdiction that is significantly reducing or not, remains vulnerable to being sanctioned if they engage in significant transactions with designated Iranian banks.

And, finally, with respect to Iran trying to establish new financial institutions in Central Europe or elsewhere, you can be sure that if that occurs and when we see that, that we will take action against that; that would not only be something that would be in conflict with our sanctions laws, but the laws of many other jurisdictions, including the EU.

Q Hi. New York Times. A question for Ben. I'm wondering whether -- you've talked a lot in the past about the unity among the members of the P5 with respect to sanctions and the approach to Iran. But, in the past few days, we've seen Mitt Romney go to Israel and line up very squarely with the Israeli government in advocating a tougher course toward Iran. And I wonder whether, from the White House's point of view, having the Republican candidate out in a foreign country appearing to take a different line on Iran than the U.S. administration is something that could complicate your diplomatic efforts.

MR. RHODES: I'd say two things. First, just as it relates to our approach, the purpose of unity is not an end of itself. It's a means to achieving the pressure that we have in place on the Iranian government and the diplomatic strategy that we have in place.

Again, if the United States was acting on its own to impose sanctions, those sanctions would not be nearly as impactful as what we've managed to build internationally. So the ability to have a multilateral sanctions regime in place, that was supported by Russia and China among others, has allowed us to broaden the consequences for the Iranian government. And the ability to get like-minded countries in Europe, Asia, and elsewhere to significantly increase and build up from that foundation has only further sharpened the pressure on the Iranian government.

With respect to Governor Romney, I'd of course have to defer to the campaign to respond specifically to any political questions. I didn't necessarily see any policy comments that appeared to differ from the approach that we've taken with respect to sanctions. We have put in place crippling sanctions on the Iranian government. We have thrown the book at the Iranian government in terms of leaving no stone unturned in the sanctions regime. And we are determined and committed to preventing Iran from obtaining a nuclear weapon.

So with specific respect to any statements that were made, I have yet to see anything that differs from the approach that we've taken to applying pressure on the Iranian government.

Q Thanks.

Q Hi, I was wondering about the -- going back to the congressional bill that's likely to be passed this week in its final form, it talks about preventing Iran from gaining a nuclear weapons capability as opposed to preventing Iran from acquiring a nuclear weapon. It sounds to me like you've been reluctant to say whether the President is going to sign this bill as is, but is that language that you're comfortable with?

MR. RHODES: Again, the President's policy, as repeatedly articulated, is that we are determined to prevent Iran
from acquiring a nuclear weapon. That has been clearly stated by him and by the administration repeatedly. It continues to guide our policy approach.

The Iranian government, of course, does not yet possess a nuclear weapon. That is why we believe that there is time and space to pursue a diplomatic strategy that allows this pressure to continue to sink in, that increasingly sharpens the choice of the Iranian government, and that gives them an opportunity to come in line with their obligations through diplomacy while also making it clear that all options remain on the table for achieving the objective of preventing Iran from obtaining a nuclear weapon.

I'd also note, of course, that in the context of those P5-plus-1 negotiations, that the international obligations that Iran must adhere to includes, for instance, the suspension of their enrichment activities consistent with existing U.N. Security Council resolutions. So it is the basis of those P5-plus-1 negotiations that Iran would have to come in line with their international obligations, and that would mean adhering to not just increased safeguards on their program, but, of course, they have an existing obligation to meet U.N. Security Council resolutions that call for the suspension of enrichment.

Q    Do you believe Iran has such a capability to build a nuclear weapon?

MR. RHODES:  Well, I do not believe Iran has a nuclear weapon. What Iran clearly has is a nuclear program that they have, number one, not been able to demonstrate is in line with peaceful purposes; number two, that is not fully in line with their IAEA obligations with respect to inspections and access to their nuclear facilities; and, again, number three, that is not in line with U.N. Security Council resolutions that have called for suspension of enrichment.

So clearly, Iran has a set of capabilities that have caused the international community to pass U.N. Security Council resolution after U.N. Security Council resolution. They have, for instance, built a facility in Qom that was constructed as an illicit facility. And doing so, of course, raises very significant questions about what the intent of the Iranian nuclear program is.

So you would not see the level of effort that you've seen out of the United States government and our international partners were we not seriously concerned with the capability that Iran has developed to date, and the way in which they've developed that capability.

Again, what we've been clear about is we do not want Iran -- and we are determined to prevent Iran -- from obtaining a nuclear weapon, and we're going to continue to use all the tools at our disposal to achieve that objective.

We have time for one more question.

Q    Hey, Ben.  Thanks for doing the call.  I just wanted to get you to address Prime Minister Netanyahu's comments, specifically. Do you think the sanctions are slowing the Iranian nuclear program, specifically, the nuclear program at all?

MR. RHODES:  Thanks for the question. Again, I'd say two things on this. First of all, we have seen the sanctions have a significant impact on the Iranian economy. We believe that sanctions have had an impact on the Iranian program insofar as they have denied the Iranian government access to revenue that they otherwise would have.

Secondly, we’ve seen through our WMD sanctions, for instance, sanctions making it much more difficult for Iran to procure technology that would be directly relevant to their program. We’ve seen in 2010 the former head of the Atomic Energy Organization of Iran, Ali Salehi, acknowledge that sanctions in some respect have delayed their
program. So we do see an impact on the Iranian government.

Where we certainly agree with Prime Minister Netanyahu is on the fundamental question that we have not yet seen the Iranian government make a decision to come in line with their international obligations. So we share very much the assessment of the Israeli government and Prime Minister Netanyahu that the purpose of the sanctions is to change the calculus of the Iranian government with respect to their nuclear program. And until they make that decision, we need to continue to increase the pressure.

So we see an impact in our sanctions, but again, the ultimate goal here is for Iran’s leaders to make a different choice, and they have yet to make that choice. And that's why we share the concern with not just Israel but a broad range of countries regarding the Iranian nuclear program. And we'll continue to coordinate very closely with Israel not just on the imposition of our sanctions, but with respect to our broader strategy of applying pressure and sharing our analytical assessment of the Iranian program and sharing our views of what our strategy is going forward.

I'll see if Bob or David have anything to add to that.

MR. EINHORN: Just to add quickly, Ben, we've been engaged for quite some time in an aggressive effort to thwart Iranian illicit procurement efforts. We notify potential sources of supply for Iran's nuclear missile programs of what Iran is shopping around for. We urge them to exercise vigilance in preventing their manufacturers from supplying this kind of equipment. We've had a lot of success in that. We get information often about shipments of supplies destined for Iran's nuclear or missile programs. We contact countries along transit routes. We contact shippers. We do everything we can to try to interdict these supplies en route, and we've had a lot of success in that.

And we've had a lot of success in that because we've built a coalition of countries around the world who are prepared to cooperate with us in preventing Iran from having nuclear weapons. We think all of these efforts -- and David may want to speak to the inhibiting effect of our financial sanctions on procurement -- but all of these efforts taken together have been significant impediments for Iran's nuclear and missile programs. We haven't stopped those programs, obviously, but we think these efforts have had an impeding effect.

UNDER SECRETARY COHEN: I would just say one thing on this score, and that's -- one of the collateral benefits of the financial sanctions that we've imposed is that it is increasingly difficult for Iran today to make payments in the international financial system. That makes it difficult for Iran to procure material for its nuclear program because they have difficulty paying for what it is they're trying to purchase.

And so, as we tighten the financial sanctions, one of the benefits of that is that it becomes increasingly difficult for Iran to acquire material internationally that it needs. And that also has an impact on the development of their program.

MR. RHODES: Great. Thanks, everybody, for jumping on the call. If you have any follow-up questions, you can be in touch with Bernadette here at the NSC, or, of course, with the State Department and Treasury Departments directly. And we'll look forward to being in touch with you going forward.

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3:17 P.M. EDT